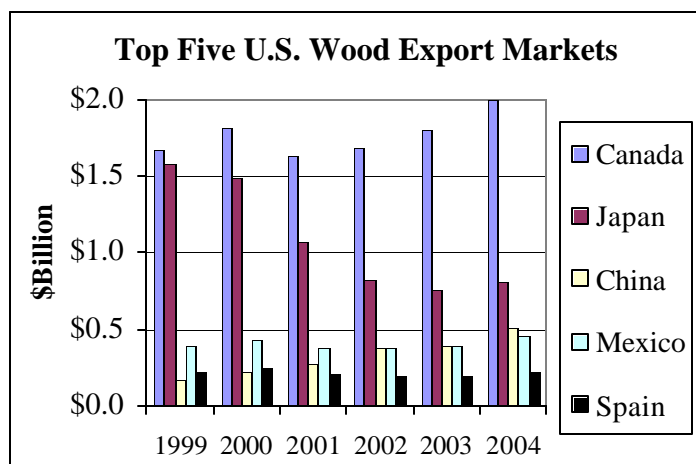


U.S. Wood Exports to China Continue Growth

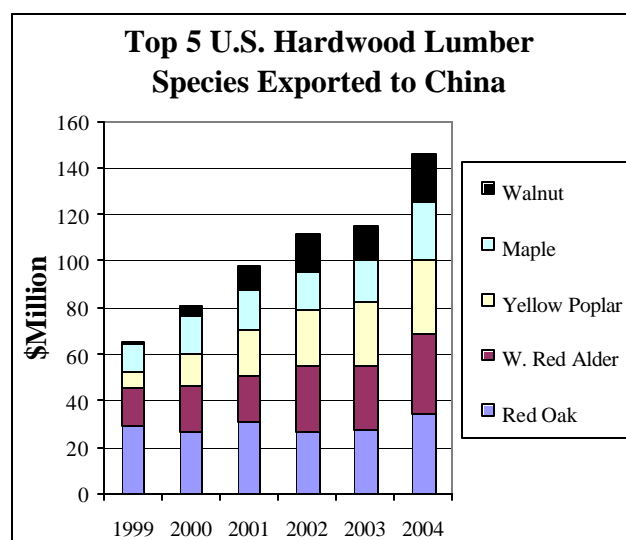
In 2004, U.S. wood exports to China and Hong Kong (hereafter grouped and referred to as China) totaled \$513 million, a 31 percent increase over the previous year. China has become an increasingly important market for U.S. exporters. In 1999, China ranked as just the eighth-largest export market for U.S. wood products. Between 2000 and 2003, China became the fourth-largest U.S. wood export market behind Canada, Japan and Mexico. Then in 2004, China surpassed Mexico and became the third-largest export market for U.S. wood products.



U.S. wood exports to China are driven primarily by demand from China's furniture manufacturers and interior decorating sector. According to China's Furniture Association, the country produced an estimated \$24.7 billion of furniture in 2003, up 70 percent from \$14.5 billion in 2000. Similarly, China's Building Decoration Association estimated that interior decoration totaled \$52 billion in 2003, up 67 percent from \$30 billion in 2000.

Because China's furniture and interior decorating sectors consume large volumes of hardwood products, U.S. exports of hardwood logs, lumber and veneer have increased to meet this demand. Combined, exports of these products totaled \$306 million in 2004 and accounted for 78 percent of total U.S. wood exports to China.

In 2004, exports of hardwood lumber totaled \$217 million and accounted for 42 percent of total wood exports to China. In terms of value, red oak was the top species, with exports of \$35 million on volume of 62,500 cubic meters. In terms of volume, western red alder was the top species, with exports of 122,800 cubic meters valued at \$34 million. Other important hardwood lumber species included yellow poplar, maple and walnut with exports of \$31 million, \$26 million and \$20 million, respectively. Over the last several years, exports of walnut lumber have



increased significantly following exports of just \$1 million in 1999. Demand for walnut logs has been even stronger.

According to estimates derived from the Port Import Export Reporting Service (PIERS), the number of companies in the United States that exported hardwood lumber to China increased from 208 companies in 1999 to over 350 companies in 2004. Shipments increased for 23 companies, decreased for 16 companies, and remained stable for 40 companies. Of all companies exporting hardwood lumber to China in 2004, 272 companies did not have any shipments in 1999.

HARDWOOD LUMBER EXPORTS TO CHINA			
U.S. Companies With:	1999	2004	2004 Average Shipment Value
250 or More Shipments	4	10	\$ 17,195
100 to 249 Shipments	4	12	\$ 22,773
50 to 99 Shipments	10	10	\$ 23,820
10 to 49 Shipments	42	49	\$ 27,231
1 to 9 Shipments	148	272	\$ 31,076
Total Companies	208	353	\$ 20,405

Source: Estimates Derived from PIERS Data

In 2004, exports of hardwood logs to China totaled \$116 million and accounted for 23 percent of total wood exports to this market. In terms of value, walnut was the top log species, with exports of \$34 million on volume of 44,300 cubic meters. Similar to the growth of walnut lumber exports, walnut log exports were less than \$1 million in 1999. In terms of volume, red oak was the top species, with exports of 58,500 cubic meters valued at \$29 million. Other important hardwood log species included yellow poplar, cherry and white oak with exports of \$17 million, \$12 million and \$6 million, respectively.

According to PIERS data, the number of companies in the United States exporting hardwood logs to China increased from 70 companies in 1999 to almost 200 companies in 2004. Shipments increased for 16 companies, decreased for one company, and remained stable for 17 companies. Of all companies exporting hardwood logs to China in 2004, 162 companies did not have any shipments in 1999.

HARDWOOD LOG EXPORTS TO CHINA			
U.S. Companies With:	1999	2004	2004 Average Shipment Value
250 or More Shipments	0	1	\$ 52,122
100 to 249 Shipments	0	9	\$ 23,852
50 to 99 Shipments	1	8	\$ 24,181
10 to 49 Shipments	11	37	\$ 32,191
1 to 9 Shipments	58	141	\$ 36,709
Total Companies	70	196	\$ 32,193

Source: Estimates Derived from PIERS Data

Exports of hardwood veneer totaled \$69 million in 2004 and accounted for 13 percent of total wood exports to China. Cherry was the top veneer species both in terms of value and volume, with exports of \$19 million on volume of 14.3 million meters square. Other

important hardwood veneer species included maple, red oak and white oak with exports of \$7 million, \$6 million and \$5 million, respectively.

According to PIERs data, the number of companies in the United States exporting hardwood veneer to China increased from 75 companies in 1999 to 120 companies in 2004. Shipments increased for 6 companies, decreased for 5 companies, and remained stable for 18 companies. Of all companies exporting hardwood veneer to China in 2004, 91 companies did not have any shipments in 1999.

HARDWOOD VENEER EXPORTS TO CHINA			
U.S. Companies With:	1999	2004	2004 Average Shipment Value
250 or More Shipments	0	0	NA
100 to 249 Shipments	0	3	\$ 46,033
50 to 99 Shipments	3	2	\$ 30,988
10 to 49 Shipments	15	21	\$ 45,475
1 to 9 Shipments	57	94	\$ 51,091
Total Companies	75	120	\$ 44,312

Source: Estimates Derived from PIERs Data

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